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## BUDGET UNIT BRIEF – FY 2019

Fiscal Services Division

July 1, 2018



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## Medicaid

### Background

Medicaid (Medical Assistance) is a joint federal/state-funded entitlement program that provides medical assistance to certain low-income individuals that are aged, blind, disabled, or pregnant, and to children or members of families with dependent children.

Created in 1965 by Title XIX of the Social Security Act, each state was given the freedom to design its own program by establishing eligibility standards; determining the type, scope, amount, and duration of services; setting service rates; and administering its own program. Because of this autonomy, programs tend to vary widely by state. In Iowa, Medicaid is managed by the Iowa Medicaid Enterprise, part of the Department of Human Services.

Funding for Medicaid is based on the Federal Medical Assistance Percentage (FMAP). Iowa's Medicaid program is funded 58.05% by the federal government and 41.95% by the State in FY 2018.

### Eligibility

Medicaid eligibility is determined not only by income level, but also by other criteria, such as citizenship, age, or condition, including pregnancy, disability, or blindness. For states to be eligible to receive federal matching funds, they are required to provide mandatory eligibility to certain groups. These include but are not limited to:

- Most families with children that receive federally assisted income maintenance payments.
- Recipients of Supplemental Security Income.
- Infants born to Medicaid-eligible pregnant women.
- Children under the age of six and pregnant women with family income at or below 133.0% of the Federal Poverty Level (FPL).
- Recipients of adoption assistance and foster care under Title IV-E of the Social Security Act.

States have also been given the latitude to expand Medicaid programs beyond the mandatory groups with federal approval and still receive federal matching funds. Iowa has chosen to expand coverage to children under the age of 21 and adults over the age of 65, individuals on a Home and Community-Based Waiver who would be eligible if in an institution, individuals needing breast or cervical cancer treatment, Medicaid for Employed People with Disabilities, and the Medically Needy Program.

One of the components of determining eligibility is citizenship and identity verification. For verification, applicants are required to provide either a passport or a birth certificate along with a government-issued identification document. Proof of citizenship is not required if applicants are already receiving

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### More Information

Iowa Health Link: [dhs.iowa.gov/iahealthlink](https://dhs.iowa.gov/iahealthlink)

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Supplemental Security Income (SSI), Medicare, or Social Security Disability benefits. It is also not required for children in foster care and some subsidized adoption recipients. States are required to provide services that are adequate in duration, amount, and scope. Services must be offered throughout the State, and the amount cannot vary based on diagnosis or condition.

### **Services**

States that participate in the Medicaid program are also required to provide a minimum set of benefits (mandatory services) in order to receive federal matching funds. These services include:

- Inpatient and outpatient hospital services
- Physician services
- Medical and surgical dental services
- Nursing home care
- Home health care
- Family planning services and supplies
- Laboratory and x-ray services
- Early periodic screening, diagnosis, and treatment
- Other services

States have also been given the flexibility to provide additional services (optional services) to members. Iowa has chosen to provide prescription drugs; preventive dental services; chiropractic and podiatric services; durable medical equipment, such as wheelchairs, dentures, eyeglasses, and prosthetics; physical, occupational, and speech therapy; hospice care; home and community-based waiver services; and other services.

### **Managed Care**

Effective April 1, 2016, Medicaid transitioned coverage for the majority of its physical health, behavioral health, and long-term services and supports to the management of three managed care organizations (MCOs). Managed Care is a health care delivery system organized to manage cost, utilization, and quality of services. In return, MCOs receive a set per-member, per-month (capitation) payment for these services.

### **Iowa Health and Wellness Program**

Funding for the Iowa Health and Wellness Program is also included under the Medicaid appropriation. The Iowa Health and Wellness Program covers ages 19 through 64 with income under 133.0% of the FPL. The Iowa Wellness Plan, administered by the new MCOs, provides comprehensive health services and coverage that is equal to the benefits provided to State employees through Wellmark's Alliance Select Plan. As of September 30, 2017, there were 149,387 individuals enrolled in the Program. Financing for the Program is shared between the State and federal government, with the federal government funding 100.0% of the Program for calendar years 2014-2016 and phasing down to a low of 90.0% in 2020. The match rate is 94.5% for FY 2018.

### **Enrollment and Expenditures**

As of September 30, 2017, there were 423,084 enrolled in Medicaid, including 244,221 children, 68,161 adults, 32,239 aged, and 78,463 disabled. Total State expenditures for Medicaid, including the Iowa Health and Wellness Program, are estimated to be \$1.6 billion in FY 2018. The Legislative Services

Agency publishes a Medicaid forecast detailing the estimated funding need/surplus for the current and next fiscal years. The most recent estimate can be found here: [www.legis.iowa.gov/publications/fiscal/medicaid](http://www.legis.iowa.gov/publications/fiscal/medicaid).

**Related Statutes and Administrative Rules**

Iowa Code chapter [249A](#)

Iowa Administrative Code [441—73 through 441-91](#)